

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of

Access Billing Requirements
for Joint Service Provision

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RM-8540

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REPLY TO OPPOSITIONS

U S WEST Communications, Inc. ("U S WEST"), through counsel and pursuant to Section 1.405(b) of the Federal Communications Commission's ("Commission") rules,¹ hereby replies to oppositions to U S WEST's Petition for Rulemaking² which urged the Commission to eliminate the single bill requirement in cases where access service is jointly provided with other local exchange carriers ("LEC") under meet point billing agreements.³

I. **INTRODUCTION**

Four parties filed comments or oppositions to U S WEST's Petition.⁴ Sprint and MCI opposed U S WEST's Petition, while BellSouth supported the initiation of

¹47 CFR § 1.405(b).

²Petition for Rulemaking filed by U S WEST on Nov. 1, 1994 ("Petition").

³Id. at 1.

⁴Comments or oppositions were filed on Dec. 7, 1994, by BellSouth Telecommunications, Inc. ("BellSouth"); MCI Telecommunications Corporation ("MCI"); and Sprint Communications Company, L.P. ("Sprint"). Comments were filed by Ameritech on Dec. 8, 1994. Ameritech voiced no opinion on

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a rulemaking proceeding to eliminate the single bill requirement altogether.⁵ MCI and Sprint assert that U S WEST's Petition is not justified and should be dismissed because:

- U S WEST has not shown that the single bill requirement is uneconomic.⁶
- The existence of different local transport rate structures does not prevent LECs from satisfying the single bill requirement.⁷
- The existence of competitive tandem switching is not relevant to whether or not LECs should be required to comply with the single bill requirement.⁸
- Bill verification remains an issue for access which is jointly provided under meet point billing arrangements.⁹

U S WEST's Petition other than to urge the Commission "not to prohibit single bill arrangements" if it eliminates the single bill requirement.

⁵In supporting U S WEST's Petition, BellSouth states that it is BellSouth's "understanding that, under existing requirements, LECs are required to provide a single bill in jointly provided service arrangements only where they cannot show that they meet at least one of three existing criteria" which were delineated in the Commission's 1988 Order (In the Matter of Access Billing Requirements for Joint Service Provision, Order, 65 Rad. Reg. (P&F) 2d 650, 666 ¶ 73 (1988)). While U S WEST does not read the Commission's Order, as BellSouth does, to allow LECs to use the multiple billing option if they only satisfy one of the Commission's criteria, such an interpretation of the Commission's requirements would greatly diminish the need for a rulemaking proceeding on the single bill requirement at this time.

⁶MCI at 4-5; Sprint at 4-5.

⁷MCI at 2; Sprint at 6.

⁸MCI at 3-4; Sprint at 6-7.

⁹Sprint at 3-4.

As U S WEST demonstrates below, these assertions do not provide good reasons for not initiating a rulemaking proceeding -- though if shown to be true, they may constitute grounds for retaining the single bill requirement. However, a closer look demonstrates the need to re-examine the merits (i.e., costs and benefits) of retaining the single bill requirement. Petitioners ignore the fact that the "access world" is quite different from what it was in 1988 when the Commission first adopted its single bill requirement and imply that little has changed since that time. It is hard to believe that the Commission would adopt a similar requirement in today's environment.

II. DISCUSSION

A. Uneconomic Billing Arrangements

Petitioners criticize U S WEST for failing to provide cost data to support its contention that the single bill requirement often is uneconomic and contrary to good business practice. This criticism is not totally without merit. U S WEST does have revenue and cost data which support its claim. But much of this data is the confidential information of other LECs, and U S WEST is not at liberty to place this information on the public record. If the Commission determines that such information is necessary to determine whether it should open a rulemaking pro-

ceeding, U S WEST will provide "billing cost/billed revenue" ratios and associated cost and revenue data upon Commission request.¹⁰

The lack of data in U S WEST's Petition is not nearly as damaging as petitioners assert. The Commission has sufficient knowledge to establish threshold levels for "billing cost/billed revenue" ratios above which it could find the single bill requirement is not economically justified.¹¹ In its Petition, U S WEST indicated that under its single bill contracts with smaller LECs "the billing cost/billed revenue" ratio often exceeded 25 percent.¹² In and of itself, this information should be sufficient indication that the single bill requirement is of questionable economic validity¹³ and deserves to be re-examined in a rulemaking proceeding.

B. Disparate Rate Structures

Petitioners assert that the fact that LECs involved in meet point billing arrangements have different local transport rate structures does not prevent these LECs from using the single bill option. U S WEST does not dispute this assertion. U S WEST stated that the single bill requirement made no sense in such circumstances and that small LECs had little incentive to enter into single bill contracts

¹⁰Of course, since much of this information is the information of other LECs, U S WEST would request confidential treatment under the appropriate sections of the Commission's rules.

¹¹MCI's claim that "the only situation that would make the single bill requirement uneconomic" is where direct cost will exceed revenue is patently absurd and deserves no further comment.

¹²Petition at 4.

¹³To use a trite analogy, "you don't have to have a Ph.D. in meteorology to know when it is raining."

where they had not restructured local transport -- not that a LEC could not provide a single bill.¹⁴ The existence of disparate local transport rate structures has arisen since the Commission's adoption of the single bill requirement and represents a significant change in circumstances.¹⁵

C. Competitive Tandem Switching

Petitioners claim that the existence of competitive tandem providers is not relevant to the issue of whether LECs should continue to be subject to the single bill requirement for jointly provided access. U S WEST disagrees. Other than the question of the basic fairness of subjecting one set of access providers to more onerous requirements than other providers, U S WEST's primary reason for raising the competitive tandem issue in its Petition was to illustrate how much circumstances have changed since the single bill requirement was adopted in 1988. The real issue is not whether competitive tandem providers should be subject to the single bill requirement, but whether there is any justification of the single bill requirement in today's access environment.

D. Bill Verification

¹⁴Petition at 4-5.

¹⁵See In the Matter of Transport Rate Structure and Pricing, Petition for Waiver of the Transport Rules filed by GTE Service Corporation, Report and Order and Further Notice of Proposed Rulemaking, 7 FCC Rcd. 7006 (1992); In the Matter of Transport Rate Structure and Pricing, First Memorandum Opinion and Order on Reconsideration, 8 FCC Rcd. 5370 (1993); In the Matter of Transport Rate Structure and Pricing, Second Memorandum Opinion and Order on Reconsideration, 8 FCC Rcd. 6233 (1993).

Sprint states that billing verification remains a concern and that difficulties arise in cross-referencing multiple bills.¹⁶ Sprint goes on to assert that U S WEST's implementation of LATA level billing has not solved the problem with multiple bills because Sprint would like to receive fewer bills for meet point traffic than it does under single bill arrangements.¹⁷ While U S WEST is sympathetic to Sprint's concerns, U S WEST does not believe that the single bill requirement provides any guarantee that billing verification problems/concerns will disappear.

As long as bills exist there will be billing verification concerns. Inflexible rules such as the single bill requirement do not solve billing problems. Billing problems arising out of the joint provision of access services are only solved through the joint efforts of all industry participants. The Ordering and Billing Forum ("OBF") is well-suited to address such problems. In fact, that is one of the primary reasons why it was established shortly after Divestiture. Over the years, the OBF and its LEC members have taken numerous steps to improve access billing. U S WEST's implementation of LATA level billing was a substantial step forward. The OBF reviewed and supported U S WEST's introduction of LATA level billing -- recognizing that it provided a workable solution to some of the most vexing problems arising out of the use of the multiple bill option.

¹⁶Sprint at 3-4.

¹⁷Id. at 6. While Sprint's desire for even fewer bill is understandable, the single bill requirement will not reduce the number of bills from what it would be under LATA level billing in a multiple bill environment.

III. CONCLUSION

U S WEST urges the Commission to institute a rulemaking proceeding on the single bill requirement at the earliest possible date. If the Commission declines to institute such a proceeding, the Commission should find that BellSouth's interpretation of the single bill requirement is reasonable."

Respectfully submitted,

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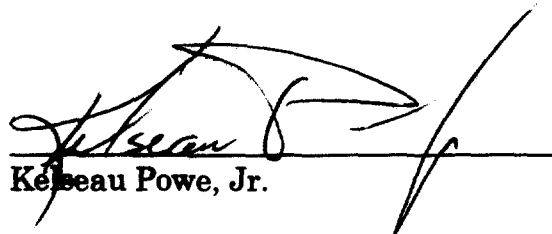
Of Counsel,
Laurie J. Bennett

December 22, 1994

"See supra note 5. Also see BellSouth at 4.

CERTIFICATE OF SERVICE

I, Kelseau Powe, Jr., do hereby certify that on this 22nd day of December, 1994, I have caused a copy of the foregoing **REPLY TO OPPOSITIONS**, to be served via first-class United States Mail, postage prepaid, upon the persons listed on the attached service list.


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